

than seven is compensated for by the turnover on other values being more.

In so far as the burden of the tax is not shifted, the ultimate selling price is less and both taxes yield proportionally less. I do not know that it is possible to prove that the incidence of the sales tax can be shifted back more easily than the turnover tax can be shifted forward, and in the absence of proof, it is a reasonable assumption that the incidence of the tax would work out in a similar way, so that for purposes of comparison, we can assume, as in the figures given, that the incidence is shifted to the ultimate consumer, as indeed the intention is said to be.

With regard to the amount added - which the figures take as 10% - by each intermediary to the selling price, - the higher this is on the average the greater the advantage (or less the disadvantage) of a sales tax over a turnover tax. If 10% is considered too high to represent the actual average, to the extent it is reduced, the more favourable (or less unfavourable) the turnover tax appears.

The conclusions reached by me therefore are: the greater the number of turnovers, and the small^{er} the amount added by each intermediary to cover his overhead charges, and the less the elasticity of demand, the more favourable will the turnover tax appear in comparison with a sales tax, but considering a 1% turnover tax against a 5% sales tax and assuming the average number of turnovers to be seven, though the turnover tax would yield a comparatively small excess on the average individual article, yet considering that the increased ultimate selling price would diminish total sales and that the cost